

ASSEMBLY BILL

No. 1536

Introduced by Assembly Member Blakeslee

February 27, 2009

An act to amend Section 379.6 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1536, as introduced, Blakeslee. Self-generation incentive program.

Under existing law, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations, as defined. Existing law requires the PUC, in consultation with the State Energy Resources Conservation and Development Commission, to administer, until January 1, 2012, a self-generation incentive program for distributed generation resources.

This bill would make nonsubstantive changes to the statute requiring the PUC to administer a self-generation incentive program for distributed generation resources.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 379.6 of the Public Utilities Code is
- 2 amended to read:
- 3 379.6. (a) (1) The commission, in consultation with the State
- 4 ~~Energy Resources Conservation and Development~~ Energy
- 5 Commission, shall administer, until January 1, 2012, the

1 self-generation incentive program for distributed generation
2 resources originally established pursuant to Chapter 329 of the
3 Statutes of 2000.

4 (2) Except as provided in paragraph (3), the extension of the
5 program pursuant to Chapter 894 of the Statutes of 2003, as
6 amended by Chapter 675 of the Statutes of 2004 and Chapter 22
7 of the Statutes of 2005, shall apply to all eligible technologies, as
8 determined by the commission, until January 1, 2008.

9 (3) The commission shall administer solar technologies
10 separately, after January 1, 2007, pursuant to the California Solar
11 Initiative adopted by the commission in Decision 06-01-024.

12 (b) Commencing January 1, 2008, until January 1, 2012,
13 eligibility for the program pursuant to paragraphs (1) and (2) of
14 subdivision (a) shall be limited to fuel cells and wind distributed
15 generation technologies that meet or exceed the emissions standards
16 required under the distributed generation certification program
17 requirements of Article 3 (commencing with Section 94200) of
18 Subchapter 8 of Chapter 1 of Division 3 of Title 17 of the
19 California Code of Regulations.

20 (c) Eligibility for the self-generation incentive program's level
21 3 incentive category shall be subject to the following conditions:

22 (1) Commencing January 1, 2007, all combustion-operated
23 distributed generation projects using fossil fuel shall meet an oxides
24 of nitrogen (NO_x) emissions rate standard of 0.07 pounds per
25 megawatthour and a minimum efficiency of 60 percent. A
26 minimum efficiency of 60 percent shall be measured as useful
27 energy output divided by fuel input. The efficiency determination
28 shall be based on 100 percent load.

29 (2) Combined heat and power units that meet the 60-percent
30 efficiency standard may take a credit to meet the applicable NO_x
31 emissions standard of 0.07 pounds per megawatthour. Credit shall
32 be at the rate of one megawatthour for each 3.4 million British
33 thermal units (Btus) of heat recovered.

34 (3) Notwithstanding paragraph (1), a project that does not meet
35 the applicable NO_x emissions standard is eligible if it meets both
36 of the following requirements:

37 (A) The project operates solely on waste gas. The commission
38 shall require a customer that applies for an incentive pursuant to
39 this paragraph to provide an affidavit or other form of proof, that
40 specifies that the project shall be operated solely on waste gas.

1 Incentives awarded pursuant to this paragraph shall be subject to
2 refund and shall be refunded by the recipient to the extent the
3 project does not operate on waste gas. As used in this paragraph,
4 “waste gas” means natural gas that is generated as a byproduct of
5 petroleum production operations and is not eligible for delivery
6 to the utility pipeline system.

7 (B) The air quality management district or air pollution control
8 district, in issuing a permit to operate the project, determines that
9 operation of the project will produce an onsite net air emissions
10 benefit, compared to permitted onsite emissions if the project does
11 not operate. The commission shall require the customer to secure
12 the permit prior to receiving incentives.

13 (d) In determining the eligibility for the self-generation incentive
14 program, minimum system efficiency shall be determined either
15 by calculating electrical and process heat efficiency as set forth in
16 Section 218.5, or by calculating overall electrical efficiency.

17 (e) In administering the self-generation incentive program, the
18 commission may adjust the amount of rebates, include other
19 ultraclean and low-emission distributed generation technologies,
20 as defined in Section 353.2, and evaluate other public policy
21 interests, including, but not limited to, ratepayers, and energy
22 efficiency and environmental interests.

23 (f) On or before November 1, 2008, the ~~State Energy Resources~~
24 ~~Conservation and Development~~ *Energy* Commission, in
25 consultation with the commission and the State Air Resources
26 Board, shall evaluate the costs and benefits, including air pollution,
27 efficiency, and transmission and distribution system improvements,
28 of providing ratepayer subsidies for renewable and fossil fuel
29 “ultraclean and low-emission distributed generation,” as defined
30 in Section 353.2, as part of the integrated energy policy report
31 adopted pursuant to Chapter 4 (commencing with Section 25300)
32 of Division 15 of the Public Resources Code. The ~~State Energy~~
33 ~~Resources Conservation and Development~~ *Energy* Commission
34 shall include recommendations for changes in the eligibility of
35 technologies and fuels under the program, and whether the level
36 of subsidy should be adjusted, after considering its conclusions on
37 costs and benefits pursuant to this subdivision.

38 (g) (1) In administering the self-generation incentive program,
39 the commission shall provide an additional incentive of 20 percent

1 from existing program funds for the installation of eligible
2 distributed generation resources from a California supplier.

3 (2) “California supplier” as used in this subdivision means any
4 sole proprietorship, partnership, joint venture, corporation, or other
5 business entity that manufactures eligible distributed generation
6 resources in California and that meets either of the following
7 criteria:

8 (A) The owners or policymaking officers are domiciled in
9 California and the permanent principal office, or place of business
10 from which the supplier’s trade is directed or managed, is located
11 in California.

12 (B) A business or corporation, including those owned by, or
13 under common control of, a corporation, that meets all of the
14 following criteria continuously during the five years prior to
15 providing eligible distributed generation resources to a
16 self-generation incentive program recipient:

17 (i) Owns and operates a manufacturing facility located in
18 California that builds or manufactures eligible distributed
19 generation resources.

20 (ii) Is licensed by the state to conduct business within the state.

21 (iii) Employs California residents for work within the state.

22 (3) For purposes of qualifying as a California supplier, a
23 distribution or sales management office or facility does not qualify
24 as a manufacturing facility.